

Texas Rare Earth Resources President's Letter to Shareholders

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SIERRA BLANCA, Feb 3, 2016 - [Texas Rare Earth Resources Corp.](#) (OTCQX: TRER) has issued the following letter:

Dear Shareholders:

2015 has been another difficult year for the mining industry in general and the rare earth sector in particular. Although the fundamentals and long term growth trends for the heavy and magnet rare earth elements remain favorable, illegal production as well as some overproduction in China has depressed prices to the point where most rare earth operations, unless also producing mineral by-products, are uneconomic, including those in China. China has committed publicly to tackling the illegal production issue. Lack of reliable information regarding Chinese rare earth production makes it difficult to predict how long it will take to draw down any oversupply.

One thing that has not changed is the vulnerability of the United States military and major consumer goods companies to restriction or cutoff of supply of these important elements. We remain confident that the Round Top deposit will be an important link in the supply chain of these strategic commodities. Work in progress on the processing and separation of the rare earth elements from the primary leach solution is yielding favorable results and we are highly confident that the CIX/CIC process being developed by our processing partner K-Technologies Inc. will be efficient and economic.

We are now in the process of evaluating the separation and marketing of the various other elements that are leached from the rock. The aggregate value of the elements -- potassium, lithium, iron, magnesium, manganese, sodium and beryllium -- reporting in the leach solution exceeds that of the rare earth elements at current market prices. We are confident that a process to separate these elements as sulfates can be designed, because of the widespread use of these compounds in agriculture and water treatment there is a very large body of knowledge on their production. Existing rail access at Round Top, and the fact that these elements are already in solution as sulfates, holds the possibility that these elements alone could support a profitable operation.

2015 Operations

Using the equipment and personnel of the nearby railroad ballast quarry, we mined and crushed approximately 500 tonnes of rhyolite from Round Top. This "trial mine" has verified that mining this ore will be low cost and will require little or no blasting. Crushing characteristics of the rock are excellent for leaching in that the rock tends to break into tabular, domino shaped particles.

The capital market has caused us to scale back the process development work originally planned for the past year, but we have made technical progress with K-Tech in adapting the CIX/CIC technique for separating the rare earth elements from the primary leach solution. We have been sufficiently encouraged by this work being conducted at K-Tech's Florida lab that we have executed a joint venture with them to introduce the technology to the rare earth industry worldwide. In late September, the joint venture LLC, named REETech, was awarded a contract by the Defense Logistics Agency, a subsidiary of the United States Department of Defense, to produce three highly purified rare earth elements. This work is presently in progress with outstanding interim results and final results are expected in the near term.

2016 Plans

TRER, through REETech, plans to fulfill the contract with the Defense Logistics Agency (DLA) to produce highly refined samples of yttrium, ytterbium and another unnamed element. In view of the fact that ion exchange is the preferred method of making highly refined rare earth oxides (99.999% and 99.9999%) we believe that completion of the DLA contract will give REETech a chance to serve the market for these high purity products. Contingent on satisfying this contract and on arranging the necessary financing, we plan to construct and operate a pilot plant to make the entire suite of separated rare earth products.

In an otherwise challenging commodities environment, the DLA contract is a sign that Round Top rare earths

could well meet critical demand, adding national security considerations to our commercial potential. With the closure of Molycorp's operations, which even at peak production did not address strategic heavy rare earths demand, the U.S. is once more 100% dependent on Chinese supply. In 2016, we will continue to make Round Top's potential as a reliable domestic source of critical rare earths known to relevant federal officials in the executive and legislative branches, as well as key state officials in Texas.

Again, contingent on arranging the requisite financing, we plan to conduct a series of column leach tests to optimize recoveries of the rare earth elements and also the various by-products present in the leach solution. We believe these so-called by-products are now important enough to be considered as co-products. In order to stress their importance and to more accurately reflect the expanded scope of our final products we are proposing to change the name of the company to Texas Mineral Resources Corp.

Work on processing the primary leach solution to separate the fertilizer and industrial sulfates is presently being carried out in the Geology Department labs at University of Texas at El Paso under the supervision of one of our directors, Dr. Pingitore.

Respectfully,

Dan Gorski

About Texas Rare Earth Resources Corp.

[Texas Rare Earth Resources Corp.](#)'s primary focus is exploring and, if warranted, developing its Round Top rare earth minerals project located in Hudspeth County, Texas, 85 miles east of El Paso. The Company's common stock trades on the OTCQX U.S. tier under the symbol "TRER."

Forward-Looking Statements: The press release contains forward-looking statements within the meaning of the U.S. Securities Act of 1933, as amended, and U.S. Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that Texas Rare Earth Resources expects or anticipates will or may occur in the future, including such things as the potential development of the Round Top rare earth project, estimates of mineralized material, possible low costs of production, advancement of exploration and resource definition, future mineralogical and metallurgical analysis and results, potential profitable production, the Company obtaining sufficient water rights for mining operations, the Company's plans for 2016, including optimizing cost and recoveries, determining the economics of bi-product elements, maximizing shareholder value and other such similar matters are forward-looking statements. When used in this press release, the words "potential", "indicate", "expect", "intend", "hopes," "believe," "may," "will," "if," "anticipate" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Texas Rare Earth Resources to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, among others, uncertainty of mineralized material estimates, risks relating to completing metallurgical testing at the Round Top project, risks related to project development determinations, risks related to fluctuations in the price of rare earth minerals, the inherently hazardous nature of mining related activities, potential effects on Texas Rare Earth Resource's operations of environmental regulations, risks related to uncertainty of being able to raise capital on favorable terms or at all, as well as those factors discussed under the heading "Risk Factors" in Texas Rare Earth Resource's latest annual report on Form 10-K as filed on November 12, 2014 and other documents filed with the U.S. Securities and Exchange Commission. Although Texas Rare Earth Resources has attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Except as required by law, Texas Rare Earth Resources assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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